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There is a hope in Frankfort that a relatively painless way can be found to raise an extra $120 million or more in revenue. Certainly, the state needs the money, and more.

The scheme is complicated, for it could involve dropping out of the 1998 national tobacco settlement agreement and directly taxing tobacco manufacturers instead.

The size of the possible tax -- about $4 a carton -- would be significant. Although some tobacco makers would actually benefit, others would not.

Consequently, an awesome war has broken out, pitting one group of high-powered tobacco lobbyists against another. Major tobacco companies this week sent an army of lawyers to Frankfort to persuade lawmakers to stick with the status quo.

It's been a while since such an expensively dressed and well-groomed group came to town. In the past, it would have gotten what it wanted in this tobacco-friendly state. This time, it may not.

The Governor pushed for the new approach in his budget address and even listed how he would spend the money. The chairmen of the legislature's budget committees are clearly interested, too.

They should be, for the formula of the national agreement results in Kentucky's getting to keep only about half of the settlement money it collects through the sale of cigarettes. Whatever the original rationale, this state certainly isn't in any shape to be donating money to New York and California if there's any way to avoid it.

However, if Kentucky tries to alter the arrangement and impose its own new kind of tax, the tobacco manufacturers who stand to lose are warning of a fierce legal fight, and their representatives are filling the Capitol's committee rooms and hallways with scare stories.

They claim Kentucky would have to pay back the $750 million it has already gotten from the national settlement, which appears not to be true. They talk about a "similar" effort in Minnesota that the courts overturned, although Minnesota's approach was only vaguely similar. They are urging lawmakers to forget about messing with the settlement and to propose a clean, simple excise tax instead, although they admit they would be back to fight against that, too.

There's no doubt these companies are tough. History shows they will say or do whatever is in their financial interest. Kentucky has no chance against them unless it's ready to be just as aggressive.

But the bottom line is this: None of the companies lining up on either side is concerned about what's best for Kentucky. They're concerned about their own competitive advantages and market shares. They want what will help them and hurt their competitors.

It's up to the Governor and the legislature to look out for Kentucky. They are right to be investigating the potential benefits and risks of altering the Master Settlement Agreement.

Several approaches might be possible, and not all are as dramatic as a complete withdrawal. But Kentucky urgently needs more revenue to invest in its future, and some of it should come from tobacco.

The Governor and lawmakers should continue pursuing this intriguing idea, weigh the risks carefully and then pick the strategy that will deliver the most

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